

**Third Quarter Financial Results
for the Fiscal Ending March 31, 2018
Supplementary Materials**

**February 8, 2018
AOKI Holdings Inc.**

FY3/18 3Q Consolidated Financial Highlights

Sales increased due to new store openings and contributions from existing-store sales in the Café Complex Operations Business. Earnings increased because of an improvement in a Fashion Business gross profit margin and lower SG&A expenses.

■ Fashion Business

- ◆ Gross profit margin up by 0.4pt YoY
- ◆ New-store openings as planned
AOKI: Total of 13 (+1 YoY) ORIHICA: Total of 6 (+2 YoY)

■ Anniversaire and Bridal Business

- ◆ Increase in the number of couples married: +1.2% YoY
- ◆ Decrease in sales per couple: -0.3% YoY

■ Karaoke Facility Operations Business

- ◆ New-store openings as planned: Total of 5 (-3 YoY)

■ Café Complex Operations Business

- ◆ Increase in existing-store sales : +1.4% YoY in first nine months
- ◆ New-store openings as planned: Total of 22(-11 YoY)

Consolidated Profit and Loss

(Millions of yen)

Account/Period	Nine months of FY3/17	Nine months of FY3/18	Change	YoY %	Major Components
Sales	133,404	137,088	3,683	102.8	Increase in existing-store sales at the Cafe Complex Operation Businesses, and contributions from new stores
Gross profit Gross profit margin	57,030 42.8%	57,531 42.0%	500 -0.8pt	100.9	Increase in Fashion Business by 0.4pt
Selling, general and administrative expenses	52,770	52,349	-421	99.2	Decrease in store-remodeling and advertising expenses in the Fashion Business
Operating profit Operating margin	4,259 3.2%	5,182 3.8%	922 +0.6pt	121.6	
Non-operating profit	834	680	-153	81.6	
Non-operating expenses	1,121	1,305	183	116.4	
Ordinary income	3,972	4,557	584	114.7	
Extraordinary gains	545	-	-545	-	Sales of investment securities
Extraordinary losses	574	632	57	110.1	Mainly impairment losses
Profit attributable to owners of parent	2,271	2,237	-33	98.5	

◆ Depreciation: ¥6,327 million (including lease assets of ¥1,350 million)

◆ Third quarter YoY existing-store sales: -1.3% for Fashion, -0.2% for Karaoke, +1.4% for Café Complex

Sales and Operating Profit by Business Segment

[Sales by business segment]

(Millions of yen)

Business Segment	Nine months of FY3/17	Nine months of FY3/18	Change	YoY %	Major Components
Total	133,404	137,088	3,683	102.8	
Fashion	76,158	76,381	222	100.3	Contributions from new stores
Anniversaire and Bridal	20,901	21,078	177	100.8	Increase in the number of couples married
Entertainment (Total)	36,359	39,655	3,296	109.1	
(of which) Karaoke	13,969	14,082	112	100.8	
(of which) Café Complex	22,389	25,573	3,183	114.2	Contributions from new facilities and higher sales at existing facilities

[Operating profit by business segment]

(Millions of yen)

Business Segment	Nine months of FY3/17	Nine months of FY3/18	Change	YoY %	Major Components
Total	4,259	5,182	922	121.6	
Fashion	-513	525	1,038	-	Improvement in gross profit margin and a decrease in SG&A expenses
Anniversaire and Bridal	2,371	2,324	-47	98.0	Increase in advertising expenses etc.
Entertainment (Total)	1,972	1,833	-139	92.9	
(of which) Karaoke	591	483	-107	81.8	Lower sales at existing facilities and higher cost of sales
(of which) Café Complex	1,381	1,349	-31	97.7	Higher cost of sales

Number of Stores Opened/Closed

(Millions of yen excluding number of stores)

Business Segment	Stores/Facilities	Nine months of FY3/17			Nine months of FY3/18		
		Number of Stores	Opened	Closed	Number of Stores	Opened	Closed
Fashion	AOKI	574	12	5	576	13	10
	ORIHICA	146	4	2	145	6	6
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	14	—	—
Karaoke	COTE D'AZUR	190	8	1	184	5	6
Café Complex	KAIKATSU CLUB, other*	327	33	1	364	22	4
Total		1,251	57	9	1,283	46	26
Capital Expenditures		11,624			8,658		

*Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	Nine months of FY3/17	Nine months of FY3/18
Fashion	5,260	1,913
Anniversaire and Bridal	211	287
Karaoke	1,430	1,614
Café Complex	4,366	3,694
Consolidated Total	11,624	8,658

Reference:Third Quarter of FY3/18 Consolidated Business Results

(Millions of yen unless otherwise stated)

	Nine months of FY3/17 Results	%	Nine months of FY3/18 Results	%	YoY change	YoY %
Sales	133,404	100.0	137,088	100.0	3,683	102.8
Fashion	76,158	100.0	76,381	100.0	222	100.3
Anniversaire/Bridal	20,901	100.0	21,078	100.0	177	100.8
Karaoke	13,969	100.0	14,082	100.0	112	100.8
Café Complex	22,389	100.0	25,573	100.0	3,183	114.2
Gross profit	57,030	42.8	57,531	42.0	500	100.9
Fashion	44,933	59.0	45,344	59.4	410	100.9
Anniversaire/Bridal	5,992	28.7	6,238	29.6	246	104.1
Karaoke	2,113	15.1	2,003	14.2	-110	94.8
Café Complex	3,619	16.2	3,653	14.3	34	100.9
SG&A expenses	52,770	39.6	52,349	38.2	-421	99.2
Fashion	45,447	59.7	44,819	58.7	-627	98.6
Anniversaire/Bridal	3,621	17.3	3,914	18.6	293	108.1
Karaoke	1,522	10.9	1,519	10.8	-3	99.8
Café Complex	2,238	10.0	2,304	9.0	65	102.9
Operating profit	4,259	3.2	5,182	3.8	922	121.6
Fashion	-513	-	525	0.7	1,038	-
Anniversaire/Bridal	2,371	11.3	2,324	11.0	-47	98.0
Karaoke	591	4.2	483	3.4	-107	81.8
Café Complex	1,381	6.2	1,349	5.3	-31	97.7
Ordinary income	3,972	3.0	4,557	3.3	584	114.7
Profit attributable to owners of parent	2,271	1.7	2,237	1.6	-33	98.5

Reference: Third Quarter of FY3/18 Major Expenses

SG&A expenses

(Millions of yen unless otherwise stated)

	Nine months of FY3/17 Results					Nine months of FY3/18 Results													
	Total	Fashion	Anniversaire/ Bridal	Karaoke	Café Complex	Total	YoY %		Fashion	YoY %		Anniversaire/ Bridal	YoY %		Karaoke	YoY %		Café Complex	
Advertising expenses	8,787	6,851	1,197	368	175	8,596	97.8		6,543	95.5		1,325	110.7		366	99.3		197	112.4
Personnel expenses	19,545	15,721	906	729	1,240	19,820	101.4		15,820	100.6		965	106.5		704	96.6		1,337	107.9
Rents	11,490	11,641	16	25	45	11,430	99.5		11,600	99.6		17	103.5		24	94.4		45	99.9
Depreciation	2,432	1,895	79	44	31	2,596	106.7		2,046	107.9		76	96.1		45	101.6		37	119.4

Note: The sum of the business segment items does not match the total because the total includes expenses of AOKI Holdings Inc. and inter-segment eliminations.

Major expenses included in cost of sales

(Millions of yen unless otherwise stated)

	Nine months of FY3/17 Results			Nine months of FY3/18 Results							
	Anniversaire/ Bridal	Karaoke	Café Complex	Anniversaire/ Bridal	YoY %		Karaoke	YoY %		Café Complex	
Personnel expenses	3,582	3,699	6,388	3,604	100.6		3,792	102.5		7,466	116.9
Rents	1,494	3,203	3,947	1,494	100.0		3,245	101.3		4,667	118.2
Depreciation	1,190	872	1,334	1,106	92.9		869	99.6		1,647	123.5

Note: The ANNIVERSAIRE/Bridal, Karaoke, and Cafe Complex businesses include the above-stated expenses in cost of sales, in addition to the SG&A expenses in the upper table.

Reference: Third Quarter of FY3/18 Fashion Business Performance

(1) Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		First half Results	3Q Results	3Q Forecast	Nine months Results	Nine months Forecast	4Q Forecast	Second half Forecast	Full year Forecast
Sales	FY3/18	-1.8	-0.5	1.0	-1.3	-0.7	1.1	1.1	0.0
	FY3/17 (Results)	4.4	2.7		3.7		3.6	3.2	3.6
Number of customers	FY3/18	-7.1	-7.9	-2.4	-7.4	-5.4	-1.4	-1.9	-4.3
	FY3/17 (Results)	3.1	2.1		2.7		-3.2	-0.6	1.1
Sales per customer	FY3/18	5.7	8.0	3.5	6.6	5.0	2.5	3.0	4.5
	FY3/17 (Results)	1.3	0.6		1.0		7.0	3.9	2.5

(2) Number of units sold and unit prices of suits

		First half	YoY %	3Q	YoY %	Nine months	YoY %	Second half	YoY %	Full year	YoY %
Number of units sold (in ten thousands)	FY3/18	44.6	97.1	35.0	97.2	79.6	97.1				
	FY3/17	46.0	105.2	36.0	104.3	82.0	104.8	87.4	104.2	133.3	104.6
Unit price (thousands of yen)	FY3/18	25.8	102.0	26.3	100.0	26.0	101.2				
	FY3/17	25.3	96.2	26.3	96.3	25.7	96.3	26.2	97.8	26.1	97.0

Reference: Third Quarter of FY3/18 Fashion Business Performance

(3) Sales by category

(Millions of yen unless otherwise stated)

	Nine months of FY3/17 Results	%	Nine months of FY3/18 Results	%	YoY change	YoY %
Heavy clothing	31,317	41.1	31,395	41.1	77	100.2
Medium clothing	7,911	10.4	7,665	10.0	-246	96.9
Light clothing	24,589	32.3	24,375	31.9	-213	99.1
Ladies' clothing	10,417	13.7	11,041	14.5	623	106.0
Other	1,923	2.5	1,903	2.5	-20	99.0
Total	76,158	100.0	76,380	100.0	221	100.3

Definition: Heavy clothing: Suit, formal wear, coat
Medium clothing: Jacket, slacks
Light clothing: Shirt, tie, casual wear, clothing accessories, etc.
Other: Alteration, etc.

Reference: Third Quarter of FY3/18 Entertainment Business Performance

(1) Karaoke facility operations:

Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		First half Results	3Q Results	3Q Forecast	Nine months Results	Nine months Forecast	4Q Forecast	Second half Forecast	Full year Forecast
Sales	FY3/18	-0.5	0.5	-0.8	-0.2	-0.8	1.7	0.4	-0.2
	FY3/17 (Results)	-4.6	-5.0		-4.8		-0.6	-3.0	-3.8
Number of customers	FY3/18	2.5	1.7	3.3	2.2	2.6	2.7	3.0	2.6
	FY3/17 (Results)	-5.3	-3.3		-4.6		1.0	-1.2	-3.2
Sales per customer	FY3/18	-2.9	-1.2	-4.0	-2.3	-3.3	-1.0	-2.6	-2.7
	FY3/17 (Results)	0.7	-1.8		-0.2		-1.6	-1.8	-0.6

(2) Café complex operations:

Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		First half Results	3Q Results	3Q Forecast	Nine months Results	Nine months Forecast	4Q Forecast	Second half Forecast	Full year Forecast
Sales	FY3/18	1.6	0.9	0.6	1.4	1.2	3.2	1.9	1.7
	FY3/17 (Results)	2.6	-1.7		1.2		-2.8	-2.3	0.2
Number of customers	FY3/18	0.1	-1.2	1.9	-0.3	0.6	1.9	1.9	0.9
	FY3/17 (Results)	2.5	-1.4		1.2		-2.3	-1.8	0.3
Sales per customer	FY3/18	1.5	2.1	-1.3	1.7	0.6	1.3	0.0	0.8
	FY3/17 (Results)	0.1	-0.3		0.0		-0.5	-0.4	-0.2